



This form is to be used in conjunction with a rule review when ancillary documents are also being reviewed as part of the review process.

Ancillary documents are interpretive or policy statements that advise the public of the Department's opinions, approaches, or likely course of action. They include documents such as Excise Tax Advisories (ETAs), Property Tax Bulletins (PTBs), and Revenue Policy Memorandums (RPMs). Ancillary documents do not have the "force of law" that a rule is given under the Administrative Procedures Act (Chapter 34.05 RCW). Court decisions, Board of Tax Appeals decisions (BTA), and Washington Tax Decisions (WTDs) **are not** ancillary documents.

Reviewer: Ed Ratcliffe Date Reviewed: 9/18/2000

Ancillary Document being reviewed (provide number and title): **Audit Directive 8146.2 – Stripped Mortgage Pass-Throughs**

Date last Issued: **December 2, 1987**

This document is being reviewed in conjunction with (provide WAC number and title): **WAC 458-20-146 (National and state banks, mutual savings banks, savings and loan associations and other financial institutions)**

Purpose of the document: **The audit directive provides direction regarding the deduction for first mortgage interest in relation to stripped mortgage pass-throughs.**

Is the document clearly written?

Yes X	No
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Does the document provide accurate and useful information?

Yes 	No X
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Does the document provide information not currently in the rule?

Yes X	No
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**Review recommendation:**

- A. Update
B. Repeal
C. Leave as is
D. Incorporate into rule and repeal

X

Briefly explain your recommendation:

This audit directive is outdated. Subsequent published determinations of the Department have addressed the treatment of interest in enough detail to determine the appropriate treatment for stripped mortgage pass-throughs. See, Det. 98-328, 18 WTD 46 (1999). There is also the danger of the term “stripped mortgage pass-throughs” being used to identify a different mortgage product or transaction then that intended by the audit directive.

Manager Action:☐

Accepted recommendation

Date: _____

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Returned for further review

Date: _____

Comments _____